

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 1486-03
Bill No.: SB 503
Subject: Education, Elementary and Secondary; Retirement-Schools
Type: Original
Date: April 1, 2003

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2004	FY 2005	FY 2006
General Revenue	(Expected to be less than \$100,000)	(Expected to be less than \$100,000)	(Expected to be less than \$100,000)
Total Estimated Net Effect on General Revenue Fund	(Expected to be less than \$100,000)	(Expected to be less than \$100,000)	(Expected to be less than \$100,000)

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2004	FY 2005	FY 2006
Total Estimated Net Effect on Other State Funds	\$0	\$0	\$0

Numbers within parentheses: () indicate costs or losses.
This fiscal note contains 5 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2004	FY 2005	FY 2006
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2004	FY 2005	FY 2006
School Districts	(\$5,500,000)	(\$5,500,000)	(\$5,500,000)

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Department of Elementary and Secondary Education (DESE)** indicated there would be no fiscal impact to their agency; however, local school districts could likely see increased administrative costs. DESE could not estimate to what extent administrative costs would increase. The increase would be contingent upon the level of participation in job-sharing by classroom teachers statewide.

Oversight assumes administrative costs associated with the job-sharing program would not be material, and could be absorbed within existing resources.

Officials from the **Missouri Joint Committee on Public Employee Retirement** reviewed this proposal and assumed the proposal would not create a “substantial proposed change” in future plan benefits as defined in Section 105.660 (5). Therefore, no actuarial cost statement was required for this proposal.

Officials from the **Public School Retirement System of Missouri** and the **Non-Teacher Retirement System of Missouri (PSRS/NTRS)** assumed this proposal would create a new classification of members within PSRS of individuals who job share and complete 70% of their work in the classroom for 17-20 hours per week. The proposal would require a 5.25% contribution from members and employers rather than the 10.5% current contribution amount.

ASSUMPTION (continued)

PSRS/NTRS further assumed this would cost the system an estimated \$11 million if 5% of the positions within the PSRS utilized job-sharing capacities. PSRS indicated the proposal would cause the contribution rate to increase .33% for both employers and employees from the current 10.5%.

Oversight assumes that the potential fiscal impact to school districts via employer contributions could increase to \$5.5 million due to an increased contribution rate. **Oversight** also assumes that approximately 5 to 6 teachers employed through Department of Social Services - Division of Youth Services might participate in job-sharing and the employer contribution for those employees would also increase.

Officials from the **Public School Retirement System of Saint Louis** assumed this proposal applied only to the Missouri State Teachers' Retirement System, not to St Louis or Kansas City.

Officials from the **St Louis Public Schools** indicated there would be no fiscal impact to their district.

Officials from the **Kansas City Public School Retirement System (KCPSRS)** stated that, as a district system, the KCPSRS is governed by RSMo 169.270 - 169.400; therefore, this proposal does not apply to KCPSRS.

Officials from the **Kansas City, Missouri School District (KCMSD)** stated that their district currently allows teachers who work half time to accrue leave time, but historically has not deducted retirement benefits from the teachers wages, or made contributions to the retirement system on behalf of the less than full time teachers. KCMSD assumes the proposal for teachers job-sharing to accrue creditable retirement service will be an additional cost to the district. KCMSD would have to contribute 7.5% of the gross salaries of job-sharing teachers who meet the requirements of this proposal.

Oversight assumes that, according to officials from the retirement systems of Kansas City and Saint Louis, this proposal does not apply to their districts; therefore, the proposal would not have a fiscal impact on the Kansas City, Missouri School District.

Officials from the **Parkway C-2 School District** stated that assuming they were not required to provide job-sharing assignments there would be no direct fiscal impact to their district.

<u>FISCAL IMPACT - State Government</u>	FY 2004 (10 Mo.)	FY 2005	FY 2006
---	---------------------	---------	---------

GENERAL REVENUE

Cost - Dept of Social Services - Division
 of Youth Services - Contribution to
 Public School Retirement Plan

(Expected to be less than \$100,000)	(Expected to be less than \$100,000)	(Expected to be less than \$100,000)
--	--	--

**EXPECTED NET EFFECT ON
GENERAL REVENUE**

<u>(Expected to be less than \$100,000)</u>	<u>(Expected to be less than \$100,000)</u>	<u>(Expected to be less than \$100,000)</u>
---	---	---

<u>FISCAL IMPACT - Local Government</u>	FY 2004 (10 Mo.)	FY 2005	FY 2006
---	---------------------	---------	---------

SCHOOL DISTRICTS

Cost - Increased contributions to
 retirement plan

<u>(\$5,500,000)</u>	<u>(\$5,500,000)</u>	<u>(\$5,500,000)</u>
----------------------	----------------------	----------------------

**ESTIMATED NET EFFECT ON
SCHOOL DISTRICTS**

<u>(\$5,500,000)</u>	<u>(\$5,500,000)</u>	<u>(\$5,500,000)</u>
----------------------	----------------------	----------------------

FISCAL IMPACT - Small Business

No direct fiscal impact to small businesses would be expected as a result of this proposal.

DESCRIPTION

This proposal would require the state board of education to adopt rules to facilitate job-sharing by teachers. Job-sharing is defined as a certificated employee who is sharing a position with one other employee, is employed by the district for at least 50% of the workweek, and is spending at least 70% of his or her time in classroom instruction. Teachers in job-sharing positions will receive holidays and leave on a pro rata basis. Certain positions are excluded from job-sharing positions.

Teachers in eligible job-sharing positions will accrue membership service for retirement at the rate of one-half year for each regular district year of employment. The contribution rate for

job-sharing positions for retirement purposes is one-half the rate for a full-time teacher.

DESCRIPTION (continued)

This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Department of Elementary and Secondary Education
Saint Louis Public Schools
Kansas City, Missouri School District
Missouri Joint Committee on Public Employee Retirement
Public School Retirement System of Missouri
Non Teacher Retirement System of Missouri
Parkway C-2 School District
Public School Retirement System of Kansas City
Public School Retirement System of Saint Louis



MICKEY WILSON, CPA
DIRECTOR
MARCH 26, 2003